GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:846
ANSWERED ON:22.11.2002
FAKE INSURANCE RACKET
MADAN PRASAD JAISWAL;RATNA SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government are aware of the fake insurance racket operating in various parts of the country;

(b) if so, whether the Development Officers, agents and the Life Insurance Corporation (LIC) offices are running this racket in connivance with each other as a result of which the Life Insurance Corporation is incurring losses;

(c) whether the Central Bureau of Investigation has been asked to probe the matter;

(d) if so, the facts and details in this regard;

(e) the action taken against the guilty persons; and

(f) the concrete steps taken by the Government to simplify and streamline the functioning of Life Insurance Corporation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFAIRS (SHRI ANANDRAO V. ADSUL)

(a): The Life Insurance Corporation of India (LIC) has reported that over the last few years there has been no report regarding any fake insurance business being carried out in any part of the country. However, in the year 1995 CBI had registered 8 cases for investigation with regard to irregularities in new business. 6 out of 8 cases have been closed after completion of investigation.

(b) to (e): Do not arise.

(f): The LIC has very stringent mechanisms of checks and controls to ensure adherence to the laid down systems and procedures.All Offices undergo regular Audit as well as Inspections which cover the financial and procedural aspects of their working respectively. Any deviation from the prescribed systems is reported and corrective action is taken immediately. The Audit & Inspection Reports of the last few years do not reveal any such irregularities.